

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11  
: :  
Pinnacle Airlines Corp., *et al.* : Case No. 12-11343 (REG)  
: :  
Debtors. : (Jointly Administered)  
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**DECLARATION OF TERRY FRENCH IN OPPOSITION TO DEBTORS MOTION TO  
REJECT THE COLLECTIVE BARGAINING AGREEMENT WITH THE ASSOCIATION OF  
FLIGHT ATTENDANTS-CWA PURSUANT TO 11 USC SECTION 1113**

Terry French, hereby declares under penalties of perjury that:

1. I am the President of the Pinnacle AFA-CWA Master Executive Council (“MEC”), which consists of the 7 local councils representing Flight Attendants employed at Pinnacle Airlines. My duties as MEC President include negotiating with Pinnacle to reach a labor agreement covering Flight Attendants and enforcing that agreement.
2. I hold a degree in Information Technology for Management from Concordia College in St. Paul Minnesota. Prior to becoming President of the MEC, I served as MEC grievance chairman and MEC communications chairman. I first began working at Pinnacle on April 20, 2009 after I retired early from my prior employment as Director, Global Marketing of Graco, Inc., a NYSE publically traded company.
3. I also remain an active Flight Attendant at Pinnacle normally flying a full-time schedule of 82 block hours a month.
4. The current starting rate for Flight Attendants at Pinnacle is only \$16.15/per hour. But that figure can be misunderstood. Flight Attendants throughout the airline industry are paid an hourly rate for only a portion of the hours (Block Hours) that they actually devote to their job. The average Pinnacle Flight Attendant gets paid for flying 82 block hours a month but works far more than that number of hours per month when you include their Time Away From Base (“TAFB”). The best measure of Pinnacle Flight Attendant work is the statistic TAFB that represents the hours that a Flight Attendant is actually away from his or her base serving as a



flight attendant. The TAFB for a Pinnacle Flight attendant is as much as 402 hours per month, only 82 hours of which are hourly paid time. The TAFB non-hourly paid time is paid only a per diem of \$1.65 per hour, which usually goes for buying airport meals while away from home. On a common overnight trip, for instance, from Minneapolis/St Paul to JFK (which Pinnacle flies 20 or 25 times a week) the hourly paid time would be 3 block hours each way or 6 paid block hours and 12 to 16 hours unpaid except for the small hourly per diem.

5. The average Pinnacle Flight Attendant is paid \$24.25 per hour, which represents \$1,988 per month at the average of 82 paid hours. The minimum number (monthly guarantee) of Flight Attendant Hours is 75 block hours and that yields a monthly income of \$1,818. Many of our members at Pinnacle are single parent's who must live on this income. They have enough trouble meeting rent, food and transportation obligations now without accepting any reductions in that income. These low wages are the reason why any wage cut or reduction in per diem would be very difficult for our Flight Attendants to accept.

6. This low level of wages also means that the Pinnacle proposal for transferring additional cost of health insurance on to the Flight Attendant will be difficult. Pinnacle's callous effort to design a single consumer health plan for all employees may work fine for the higher paid managers, but it will devastate Flight Attendants who rely on this job to provide them health insurance. We have Flight Attendants who despite working a full time job are on food stamps, live in low-income assisted housing and receive other social assistance benefits. In the Pinnacle proposal on health care, a newly hired Flight Attendant could be required to pay up to 1/3 of her/his income, or up to \$6,000 from an income of less than \$21,000.

7. I understand that because of the pending petition by AFA-CWA with the National Mediation Board to represent this unit, AFA-CWA leaders received a briefing from Pinnacle on June 14, 2012. The AFA-CWA became certified as the representative of the Pinnacle Flight Attendants on July 18, 2012.

8. Pinnacle did not resume negotiations for the Flight Attendants until August 16, 2012. I was present at the August 16, 2012 bargaining session along with AFA-CWA Staff negotiator Suzanne Balzer and fellow Pinnacle Flight Attendant Timothy Kipka and Colgan Flight Attendant Avis Brown and AFA-CWA attorney Peter Swanson. Pinnacle was represented



by Jerry Glass, Virginia Hughes, Steve Rossum, Chris Harrison, Dan Copp and and Barbara Setsvold. At that time, Pinnacle presented to AFA-CWA what they called an August 16, 2012 Term Sheet (attached to my Declaration as Exhibit 1) and a document entitled “Methodology to Apportion Required Savings Between Work Groups –May 18, 2012 Ask” (attached as Exhibit 2). At the August 16<sup>th</sup> bargaining session Pinnacle also distributed documents with Pinnacle’s finances and value savings from the proposed concessions which are attached as Exhibit 3.

9. Since we knew that in May 2012 Pinnacle was seeking \$3.6 million in concessions from its Flight Attendants, we were surprised and disappointed to learn that Pinnacle was upping it’s demanded concessions from \$3.6 million to \$6.4 million. While we continually asked why they were radically increasing their demand, we never got a satisfactory answer other than Pinnacle needed this money to be competitive and to attract investors. They did not explain why any needed cost reductions had to come from the Flight Attendants.

10. The existing Flight attendant contract continues until October 24, 2016. Pinnacle’s August 16, 2012 demand included an extension of the existing contract except as modified through December 31, 2018. The “methodology” document Pinnacle distributed on August 16, 2012 did not refer to the new demand for \$6.4 million in concessions. The “methodology” document appears to have been generated at the time of the May 31, 2012 demand for \$3.6 million in concessions from the Pinnacle Flight attendants. We have never received in bargaining any written substantiation setting forth the methodology for the Pinnacle \$6.4 million demand for Flight Attendant concessions.

11. Pinnacle did advise us that they were seeking work rule concessions from the Flight Attendants with an annual value of \$3,472,459. When we asked about the May 2012 “Methodology” document, they did not identify the financial impact on Pinnacle of the work rules that are more favorable to Pinnacle than the Flight attendant work rules at other DCI regional carriers. I now know from examining Jerry Glass’ Declaration in this case that there are 18 areas in which the current Pinnacle Flight Attendant work rules are more favorable for Pinnacle than the FA work rules in place at other DCI carriers. These rules produce savings that Pinnacle is ignoring in this proceeding.



12. Pinnacle initially proposed a 5% across the board pay cut and a reduction in the longevity step increases for Pinnacle Flight Attendants despite the fact that our Flight Attendants are already below the DCI regional carrier average.

13. Pinnacle never explained why the Flight attendants should accept a decrease of 9.1% in their compensation despite their being below market in so many ways. Apart from saying our seniority based wages were too high as compared to Compass and GoJet, two fairly recent entrants into the regional jet market, Pinnacle also did not explain why the August 16, 2012 demand for \$6.4 million in concessions, an 82% increase from the original ask, was appropriate. They did not produce a formula or explain who made the decision to increase the demanded Flight attendant concessions by this amount.

14. After August 16, 2012 we have met with Pinnacle whenever they are available to try and resolve this dispute. After August 16, 2012, Pinnacle has made proposals to us on September 10, 2012 and September 13, 2012. We made counter proposals on September 7th, 2012, September 12, 2012 and September 25, 2012.

15. Proposals and documents provided by Pinnacle at the September 10, 2012 bargaining session are attached as Exhibit 4. Proposals and documents provided by Pinnacle at the September 13, 2012 bargaining session are attached as Exhibit 5. Proposals and documents given to Pinnacle at the September 7, 2012 bargaining session are attached as Exhibit 6. Proposals and documents given to Pinnacle at the September 12, 2012 bargaining session are attached as Exhibit 7. Proposals and documents given to Pinnacle at the September 25, 2012 bargaining session are attached as Exhibit 8.

16. On September 13, 2012, Pinnacle gave us a computation of the work rule savings that AFA-CWA had provisionally accepted pending a full agreement and valued those savings as \$3,472,459.

17. After further review of our negotiation position, on September 25, 2012, AFA-CWA took a proposed limit on compensation off the table so that the value of the concessions it is willing to accept is now \$3.7 million. We attended mediation on October 3<sup>rd</sup> and 4<sup>th</sup> with a mutually designated mediator. Currently, another mediation session is scheduled for October 5<sup>th</sup> and additional sessions are scheduled for the following week.



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18. I believe that AFA-CWA has good cause to reject the Pinnacle demand that it concede to the full \$6.4 million in annual concessions. First, AFA-CWA has more than met the concessions demanded in May, 2012 despite the fact that our Flight Attendants are under the DCI average costs in many areas. Second, the difference in the Operating Margin for Pinnacle between what AFA-CWA has accepted is miniscule when compared to the revenues and costs of Pinnacle. Third, while Pinnacle has all but conceded that the Flight Attendants did nothing to cause its financial difficulties, it has not credited the Flight Attendants with the work rules that are more favorable to Pinnacle or the cumulative impact of prior years in which their compensation was admittedly under market. Fourth, there is no reason to believe that the allegation from Delta that Pinnacle is over cost per airplane is based on Flight Attendant costs and has, in any event, not been substantiated by Pinnacle. AFA-CWA was justified in refusing Pinnacle's demand for labor concessions in excess of the \$3.7 million in work rule concessions AFA-CWA was prepared to accept.

Executed this 4th day of October, 2012  
Memphis, Tennessee

  
Terry French